



February 14, 2006

VIA ELECTRONIC MAIL

Office of the Secretary
Attn: WTB/ASAD
U.S. Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: "Auction of Advanced Wireless Services Licenses Scheduled for
June 29, 2006," AU Docket No. 06-30

Reuters America LLC ("Reuters") is pleased to offer its views on the above-captioned Public Notice (the "Public Notice") by the Federal Communications Commission (the "FCC" or "Commission"). Reuters is an indirect subsidiary of Reuters Group PLC. Reuters Group is both the world's largest news agency and leading source of financial information. Professionals in the equities, fixed income, foreign exchange, money, commodities and energy markets use Reuters news, data and other products. Reuters open technology, based on industry standards, enables its customers to integrate Reuters information with content from other sources. Reuters provides financial institutions with specially designed tools to help them reduce risk and distribute and manage the ever-increasing volumes of market data. Reuters supplies news - text, graphics, video and pictures - to media organisations across the globe. Reuters also provides news to businesses outside financial services as well as direct to consumers via our public Internet site www.reuters.com.

As one of the world's leading providers of news and information, Reuters is uniquely qualified to comment on certain issues raised in the Public Notice. Reuters knows the importance of timely and reliable news, quote and price information to market participants. Investors need this information in order to make investment decisions. Broad dissemination of information improves the efficiency of markets and increases investor confidence. In addition, the taxpaying public has an interest in the disclosure of information that allows it to understand the workings of its government. It is with this in mind that we respond to Section II.A.2, "Information Available to Bidders Before and During an Auction," of the Public Notice.

In adopting its current competitive bidding procedures in 1994, the Commission noted it might withhold bidder identity information on an auction-by-auction basis.¹ As the Commission itself states, however, its general practice in conducting license

¹ Implementation of Section 309(j) of the Communications Act - Competitive Bidding, PP Docket No. 93-253, Second Memorandum Opinion and Order, 9 FCC Rcd 7245 (1994).

Reuters America LLC
The Reuters Building
3 Times Square
New York, NY 10036
646-223-4000

auctions is to "make bidders' license selections public at the conclusion of the application process, as well as to release the identities of all bidders and their bid amounts at the conclusion of each round during the auction."² The Commission has specifically recognized that there is a public interest in revealing all information during the auction process.³

Reuters believes these procedures have served the public well. As the Commission knows, license auctions can take weeks, if not months, to conclude, and involve billions of dollars of public revenue. The wireless auction scheduled for June 29, 2006 will be no exception. The auction is expected to raise from \$10 billion to \$15 billion.⁴ One investment firm has stated in a research report that it expects the auction "to have long-term implications for spending on wireless equipment and wireless tower capacity. It could also eventually create additional competition for telecom, video and broadband providers..."⁵

Reuters and its competitors in the business press have provided detailed coverage of how auctions are proceeding, who has bid for what number of licenses, and which licenses or markets are receiving the highest bids. For example, during the FCC's 2005 auction of broadband PCS licenses, Reuters issued daily updates as to which markets were receiving the highest bids and from whom. Reuters provided similar information during the 2001 re-auction of NextWave licenses. The investment community has found this highly relevant with regard to assessing the capital spending plans, debt loads, and future prospects of market participants. This information is thus promoting economic efficiency and fair valuations. The Commission itself has noted that "maximizing information available to bidders" may "increase efficiency of license assignments."⁶ The availability of this information also contributes to public confidence in the integrity of the auction process.

On the basis of economic theory, rather than an empirical record, the Commission would now put these benefits at risk. The FCC proposes to reduce the transparency of the auction process. The Public Notice proposes:

"not to reveal until the close of the auction: (1) bidders' license elections on their short form applications and the amount of their upfront payments; (2) the amounts of non-provisionally winning bids and the identities of bidders placing those bids; and (3) the identities of bidders making provisionally winning bids. Thus during the auction, the only information about bids that we propose to reveal to the public is the gross, not the net, amount of any provisionally winning bids."

² "Auction of Advanced Wireless Services Licenses Scheduled for June 29, 2006," AU Docket No. 06-30, January 31, 2006 ("Public Notice"), at 6 and n.25.

³ *Id.*

⁴ "FCC Takes the First Step: AWS Auction Scheduled for June 29," Bear Stearns, February 1, 2006.

⁵ *Id.*

⁶ Public Notice at n.28.

The Public Notice cites recent economic literature that suggests the efficiency of an auction "may in some circumstances be enhanced if certain information about bids and bidder identities is not revealed publicly prior to and during the auction."⁷ In particular, the Commission cites the possibility that bidders could use the information to collude with one another and engage in anti-competitive bidding. Even if true, the possibility of collusion seems likely to exist even under the proposed new procedures. The bald assertion in the Public Notice that "bidders will be made aware of other with whom they will not be permitted" to collude leaves open the question of how this is to be done, and by whom.⁸

Reuters respectfully suggests that this proposal sets up a false choice and does not strike an appropriate balance. The marketplace has come to depend on the flow of public information that has characterized FCC license auctions for the past decade. To stop the flow of information now would undermine rather than promote market efficiency. In addition, it would reduce public confidence. To do so on the basis of theoretical constructs of bidder behavior rather than on actual instances of collusion would seem to incur real costs in pursuit of phantom benefits. Before taking such a step, the Commission should further evaluate its ability to detect, deter and punish anti-competitive bidding behavior without sacrificing transparency.

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As described in our comments above, Reuters believes the Commission's proposals contain the potential to reduce market efficiency and undermine public confidence. Reuters looks forward to working with the Commission, market participants, and others in the media to improve the license auction process and in particular to ensure the continued flow of accurate and timely bidding information to investors, the entire marketplace and the public.

Sincerely yours,



Michael Steinharter
President



Betty Wong
Managing Editor for the Americas

cc: Chairman Kevin Martin
Commissioner Michael Copps
Commissioner Jonathan Adelstein
Commissioner Deborah Taylor Tate

⁷ Public Notice at 6 (emphasis added).

⁸ Id. at n.30.